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Date: December 17, 2012

From: William R. Peterson, Executive Director

To: Mental Health and Disability Services Redesign Fiscal Viability Study Committee

Subject: Comments on MH Redesign Fiscal Viability

Counties have not come to MH/DS redesign easily, due in part to the failure of the state to live up to prior commitments to provide growth funding to the county-managed MH/DS system. That being said, counties are striving to comply with the process of a redesign that moves to regions. There was a time last year, when a majority of county supervisors wanted to walk away from the whole concept, but ultimately decided that they would not be "at the table" if they took a position opposing redesign. Not only that, there would be no funding from the state to assist counties in funding the mandated services, which would leave counties with inadequate funds generated from property taxes.

So the counties came to the table. The process has been difficult from the start, since the discussion of what funding the state is willing to provide has remained uncertain. On the last day of the last session, it was suddenly clear that there would be no funds appropriated for the Transition Fund, but that counties should apply and the funding would be determined by the next General Assembly. The process for determining the appropriate funds took the Iowa State Association of Counties or any of its members out of any involvement and placed it entirely in the hands of the Department of Human Services (DHS). The same was the case for the Transition Committee, with significant representation from the area of the state that has already transitioned to a region, rather than those areas dealing with issues currently.

Now the counties have seen the report from DHS that contains a set of principles that, when adhered to, decrease the amount recommended by the DHS to \$1.4 million. These principles were developed with no input from outside of DHS and are inconsistent with the administrative rules promulgated by the Department and adopted by the MH/DS Commission. They also miss entirely the issue of stabilizing the funding in those counties that are struggling so that the regions have the chance to manage resources in the black.

Many counties have held state bills on the advice of DHS and attempted to maintain services in the hope that there would be funding for this fiscal year. Applicant counties proposed to use transition funds to pay for non-Medicaid services while using property tax funds to pay the unpaid Medicaid bills. Some counties paid their state bills and cut services, concerned over whether there would be funding in January and not wanting to make the cuts more significant by making them over five months rather than twelve. One county even applied to the Commission to cut services back to the requirements for the new regions AND applied for transition funds and was turned down on both instances. The DHS recommendation that is on the table will lead to massive cuts in many of the 32 applicant counties in the second half of FY 2013 and completely erode the funding foundation for the implementation of redesign.

In order for counties to remain at the table there needs to be meaningful input from a broad range of counties and a determination on what the state's ongoing funding commitment will be. Without state funding at all steps of the redesign process, there is a great risk that the project will ultimately fail and the hours of work from stakeholders at the county and state level will be for naught. Once the ongoing funding is determined, the requirements for the county/regions will have to be adjusted to reflect the amount of funding the state is willing to provide, assuming that the Legislature maintains its position that property tax support cannot be increased.

Black Hawk County Auditor

ISAC Executive Director
William R. Peterson